

Contentious issues for the modern retailer

Rolling on from last month's feature, **Stuart Jackson** tackles some of the topics that persistently create debate among retailers and industry analysts.

In August's issue, I highlighted some global matters that shape retailing in general, whereas in this feature the spotlight falls on a few specific choices that retailers face.

Which image – specialist or discount?

This decision is influenced by both current trends in consumer shopping habits and a shop's location.

A decade ago, consumer spending was at a low point and product selection was driven chiefly by price. As with the major retailers, independents adjusted to demand by adopting a discount approach. Pile it high and sell it cheap, whether bought in bulk, sold short-dated or just of average quality.

The market for health foods has changed spectacularly and today's consumer is armed with confidence, knowledge and greater spending power. High quality products and service are now at the forefront, yet many health food retailers have failed to update their strategy. Consumers are less interested in price and more concerned with providing themselves and their family with the best health solution whether via diet, prevention or remedy.

The modern retail store should be quality fitted and laid out in distinct product categories that reflect proven

areas of market growth. Sectors such as skincare, cereals, snacks, chilled and frozen, baby care, eco-friendly household and herbal teas are all good examples of strong performing groups that should be well represented.

Each of these categories should then be clearly labelled and complemented by hanging signs that represent the shop's brand. To deliver the service, staff should be well trained and supported by Health Notes. The goal is that when a new customer enters the shop they can immediately notice advertised and in-demand products with easily accessible data.

Promotions should be based around "buy this and get that free" rather than straight discounting. Consumers view discounted products with suspicion whereas an added value offer is perceived as exactly that.

The only exception to this is where a shop's location is in a predominantly disadvantaged area. In such a case it may be correct to retain the discount approach. An individual assessment of one's own circumstances has to be made but beware that habit and tradition does not blind you to a changing community.

Naming the shop

Having established the consumer trend for a branded, high quality image it would



be logical to conclude that a brand-style shop name should be selected – not so.

The problem that independent health food retailers have is that while a brand image can be built once the customer is in our shop, the resources do not exist to build that brand to consumers who have not yet been enticed in.

All successful brands have commonality. Either they have spent a fortune on advertising or they have benefited from national media coverage. A local health food shop has neither of these tricks up its sleeve. The name on the shop front is the number one method of year-round exposure to what is predominantly a local catchment area.

It is of no benefit to come up with a trendy name if local shoppers, on sight of your

store, cannot tell what is for sale. Whatever the twist on health that an individual retailer prefers, the shop name must communicate that message clearly.

Organic fruit and vegetables – to sell or not to sell?

Fruit and vegetables is one of the growth sectors in health food retailing and therefore, in principle, should be stocked. There are, however, a number of nuisances associated with this merchandise. Outside of Greater London it can prove enormously difficult to secure a quality supply of fresh, abundant produce.

Alas, fruit and vegetables, if not displayed well end up causing more harm than good. A limp display of "past its best"

product on an ugly piece of refrigeration equipment will destroy any positive impact the rest of your shop makes.

For smaller shops, especially those that concentrate on non-food categories, the space could be better used for other products. Fruit and veg also generate a huge amount of wastage and due to competition can rarely be sold at a profit. It becomes a range that is retained solely to satisfy consumer demand.

Only those who can secure a consistent supply, are fundamentally food-oriented and have the floor space to accommodate a non-profit-making range should consider fruit and vegetables. Those that are in a position to sell it must ensure displays, despite wastage, are fresh and abundant or the image created is negative.

Chilled and frozen – is the cost worth it?

Chilled and frozen is another category that while in demand from consumers is difficult for retailers to obtain. Few suppliers are willing to cope with either the high cost of storage or short dated and easily damaged items. Those that are brave enough struggle to provide a consistent service. Hats off to The Health Store and Marigold for doing the job so well.

Retailers have to shoulder delivery problems, short dates, wastage and some of the lowest margins in the trade. Despite this it is much more important to stock chilled and frozen than fruit and vegetables, although retailers should be careful only to invest in the amount of equipment and space for which they can ensure regular supply.

Once again retailers in the London area benefit from a

wealth of independent chilled suppliers who operate locally.

Fine foods or another fine mess

Recently, I have heard it suggested that health food retailers ought to expand into the “fine food” market. While there are no finer foods than ours, this term refers to the specialist grocery trade. A mix of products, some of which are “technically” suitable for health food shops exist there.

By “technically” I mean that the ingredients are equivalent in quality though the product may not be to our customers’ liking. Many more fine foods are nothing more than sugar-loaded jams and similar, inherently unsuitable for our cause.

The real negative is that fine food shops and delicatessens are springing up everywhere and to sell the same items in any quantity alters our position as a unique health food store. One of the major contributors to a health food shop’s success is a strong identity and losing this is a mistake. If we do not know who we are what chance do we have of developing a loyal and distinct customer base?

Summary

The modern health food retailer stays in touch with consumer demand and is prepared to change their image to meet market shifts. Image does not interfere with the core message that every health food store should strive to become the centre of nutrition and health for their local community. Build a strong identity. [HFB](#)



If you have any questions for Talking Shop or would like further information on Stuart

Jackson’s consultancy service, contact him on 0131 315 0303 or email stuart@forceofnature.co.uk or visit www.forceofnature.co.uk